

Message Text

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ACTION NEA-10

INFO OCT-01 EA-07 ISO-00 INT-05 PA-01 PRS-01 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 DODE-00 EB-07 FPC-01

H-02 INR-07 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /108 W

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 9807

INFO AMCONSUL BOMBAY

AMCONSUL CALCITTA

AMCONSUL MADRAS

USDOC WASHDC

AMEMBASSY SINGAPORE

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DEPT PLEASE PASS TO USBURMINES, USGS

E.O. 11652: N/A

TAGS: ENRG, IN

SUBJECT: OFFSHORE AND RELATED PETROLEUM DEVELOPMENTS

1. ACCORDING TO ONGC'S PROPOSED ANNUAL PLAN FOR 1977/78
NOW UNDER REVIEW BY THE PLANNING COMMISSION, ONGC ANTICI-
PATES A TOTAL CRUDE PRODUCTION OF 5.72 MILLION METRIC TONS (MT)
DURING THIS FISCAL YEAR 1986/77, INCLUDING 0.50 MILLION MT
FROM THE BOMBAY HIGH AS COMPARED TO A TARGET OF 1.0 MILLION MT
SET BY THE MINISTRY OF PETROLEUM. INCLUDING 3.08 MILLION MT
FROM OIL INDIA LTD., AND ABOUT 68,000 MT FROM ASSAM OIL,
INDIA'S TOTAL CRUDE OUTPUT DURING THE CURRENT FISCAL YEAR
SHOULD REACH ABOUT 8.87 MILLION MT, SLIGHTLY LOWER THAN THE
TARGET OF 9.5 MILLION MT PROJECTED EARLIER. THE OFFSHORE
PRODUCTION TARGET FOR 1977/78, HOWEVER, IS TO REMAIN
UNCHANGED AT 2.25 MILLION MT WITH ANNUAL RATE PLANNED TO REACH
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4 MILLION MT BY THE END OF 1977 AND 10 MILLION MT BY 1980.

THE SAME PLAN LISTED ONGC'S ONSHORE RECOVERABLE CRUDE RESERVES AT 88 MILLION MT (EXCLUDES OIL'S RESERVES IN ASSAM), BUT OMITTED ANY ESTIMATE OF THE PRESENT OFFSHORE RESERVES.

2. IN THE ANNUAL PLAN DOCUMENT, WHICH IS YET TO BE APPROVED BY THE PLANNING COMMISSION, ONGC IS SEEKING RS. 3.41 BILLION (\$379 MILLION) FOR ITS OFFSHORE ACTIVITIES ALONE. EXPENDITURES ARE EARMARKED FOR WORK ON (1) SUBSEA PIPELINES (OIL AND GAS ARE PLANNED); (2) OIL TERMINAL FACILITIES AT NHAVA SHEVA; (3) TELEMETRY AND TELECOMMUNICATION FACILITIES FOR THE PIPELINE PLUS OTHER ONSHORE AND OFFSHORE DEVELOPMENTS, INCLUDING FOUR ADDITIONAL PLATFORMS FOR THE BOMBAY HIGH AND ONE FOR THE BASSEIN STRUCTURE. (MCDERMOTT'S CONTRACT WAS RECENTLY EXTENDED FOR SIX MONTHS TO COMPLETE THE INSTALLATION OF FIVE PLATFORMS AND TWO 40,000 B/D PROCESSING UNITS). THE PLAN ALSO CALLS FOR A SIXTH OFFSHORE DRILLING RIG TO BE ACQUIRED BY DECEMBER 10, 1976 IN ADDITION TO FIVE EXISTING RIGS. HOWEVER, THE CONTRACT ON THE "DALMAHOY" (UK) IS NOT TO BE RENEWED UPON ITS EXPIRATION IN MID-1977 (ACCORDING TO PRESS REPORTS THIS CONTRACT HAS ALREADY BEEN CANCELLED).

3. WE HAVE BEEN TOLD BY AN OFFICIAL IN THE PLANNING COMMISSION THAT THE GOI WOULD TRY TO RESTRICT THE CONSUMPTION OF POL PRODUCTS ESPECIALLY IN EVENT OF AN OPEC PRICE HIKE WHICH COULD LIMIT POL IMPORTS TO 16 MILLION MT, CONSISTING OF 14 MILLION MT OF CRUDE AND 2 MILLION MT OF PRODUCTS FOR EACH OF THE REMAINING TWO YEARS OF THE FIFTH FIVE YEAR PLAN. ANY SHORTFALL IN SUPPLY IS EXPECTED TO BE MADE UP BY INCREASED DOMESTIC PRODUCTION, PARTICULARLY FROM THE BOMBAY HIGH, AND FROM THE INCREASED USE OF COAL AS A SUBSTITUTE FOR OIL.

4. THE PLANNING COMMISSION OFFICIAL ALSO STATED THAT AT PRESENT INDIA HAD A SURPLUS OF LOW SULFUR HEAVY STOCK (LSHS) OIL RESULTING FROM THE CONVERSION OF OIL TO COAL CONSUMING INDUSTRIES. THIS HAS PRODUCED A SAVING OF ABOUT 0.5 MILLION MT OF OIL PER ANNUM SO FAR. STEPS ARE UNDERWAY TO RECOVER OTHER PRODUCTS FROM LSHS BY ESTABLISHING A COKER/CONE CALCINATION PLANT AT COCHIN AND BY EXPANDING SIMILAR FACILITIES AT THE LIMITED OFFICIAL USE

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KOYALI REFINERY. THE SURPLUS OF LSHS WAS ATTRIBUTED TO THE HIGHER CONTENT OF HEAVY ENDS IN THE CRUDE PRODUCED FROM NORTH GUJARAT WHILE THE LIGHTER CRUDE PRODUCTION FROM THE ANKLESHWAR FIELD IN GUJARAT WAS DECLINING.

COMMENT: IF INDIA IS TO SUSTAIN AN INDUSTRIAL GROWTH RATE OF 8 TO 10 PERCENT AS CALLED FOR BY THE FIFTH PLAN DOCUMENT, THEN IT REMAINS QUESTIONABLE IF CRUDE IMPORTS WOULD REMAIN AT THE

14 MILLION MT LEVEL. IN ADDITION TO THE LEVEL OF ECONOMIC
ACTIVITY, MUCH WOULD DEPEND ON THE MEASURES IMPLEMENTED TO
CURB CONSUMPTION AND WHETHER THE PLANNED PRODUCTION FROM THE
BOMBAY HIGH IS REALIZED.
SCHNEIDER

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